

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF NEW JERSEY

ETONIC WORLDWIDE LLC,

Plaintiff,

v.

KINETIC SPORTS, INC. and  
IN STRIDE SHOES L.L.C.,

Defendants.

Case No. CV-04004-GEB-JJH

RECEIVED

FEB 16 2006

AT 8:30                      M  
WILLIAM T. WALSH  
CLERK

**STIPULATION AND ORDER OF DISMISSAL**

Pursuant to Rule 41 of the Federal Rules of Civil Procedure, the plaintiff, Etonic Worldwide LLC ("Etonic") and the defendants, Kinetic Sports, Inc. ("Kinetic") and In Stride Shoes L.L.C. ("In Stride"), hereby jointly stipulate and agree as follows:

1. Effective as of the date of this Order, the plaintiff, Etonic Worldwide LLC ("Etonic"), and each of the defendants, Kinetic Sports, Inc. ("Kinetic") and In Stride Shoes, L.L.C. ("In Stride") (collectively the "Parties") shall exchange mutual releases in the form set forth in Exhibit A hereto.
2. No Party will issue any press release regarding the settlement of this action, but the terms and conditions of the settlement between the Parties shall not be deemed to be confidential.
3. By settling the present lawsuit in accordance with the terms and conditions set forth herein, no Party to this action is admitting liability.

4. Kinetic shall pay Etonic the sum of \$70,000 on or before January 28, 2006. This amount must be paid to Etonic before any sales efforts by Kinetic or any shipments from Kinetic's inventory can start.

5. Until March 31, 2006, Kinetic shall be permitted to ship the inventory that currently exists in its New Jersey warehouse or products that are returned from customers, but otherwise the Preliminary Injunction entered by this Court remains in place. Kinetic is released from paying any royalties to Etonic on account of these shipments. No shoes not currently in Kinetic's warehouse in New Jersey (or returned products as set forth above) may be shipped. Kinetic shall not use Etonic's name or marks other than to sell its existing inventory. After March 31, 2006, the temporary suspension of the Preliminary Injunction shall cease and all terms of the injunction shall apply with full force and effect.

6. Kinetic may not sell to Costco, Wal-Mart, Sam's Club, K-Mart, Target, Value City, BJ's, Big Five, Building 19, Ocean State Job Lot, Meijer's, Lyncorp, Masons, Foot Solutions, DSW, QVC, Benchmark and/or Boscov's, nor to anyone who will in turn sell or try to sell to any of those entities. Kinetic may not sell its inventory into Canada nor to any entity which later sends the products to Canada.

7. Kinetic shall notify Etonic in writing of each week's shipments from Kinetic's inventory, showing the customers, the products and quantities shipped, and the remaining inventory of all styles after such shipments. For purposes of the definition of a breach, failing to supply the inventory reports shall not be a breach unless the reports are supplied more than ten (10) days late. All products not shipped and sold before or on March 31, 2006 will be donated to a charity of Etonic's choice, and Kinetic shall not issue any press release regarding the donation. Kinetic will provide evidence to Etonic of such donation, and Etonic shall be permitted to visit

Kinetic's warehouse to verify such donation. Kinetic will pay for the shipping costs to the charity as long as the charity is located within the United States and is not located in Hawaii or Alaska. If Etonic fails to name a charity by April 15, 2006, Kinetic shall destroy the remaining shoes and Etonic shall be allowed to observe such destruction.

8. No new product may be brought by Kinetic into the United States or any other country.

9. Etonic will not purchase any inventory or molds from Kinetic. Etonic will not make any payments to Kinetic.

10. Kinetic shall make the Hybrid molds available for pick up by Etonic's representatives in China during the normal working hours at Kinetic's factory in China located at Lai Sun Enterprise Limited, Tan Zhou Town, Tong Sheng Industrial, District Zhongshan City, Guangdong, China (telephone number 0760-665333), contact person: Mrs. Michele Liang, no later than February 28, 2006.

11. Before February 28, 2006, all other molds bearing the Etonic mark (ever used by Kinetic) shall be destroyed by Kinetic or its factory, and Etonic shall be given at least seven (7) days' written notice before the destruction so that Etonic may have a representative present to observe the destruction.

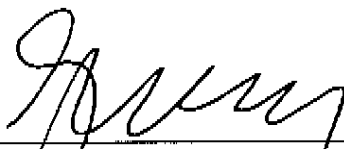
12. Subject to the terms and conditions stated above, the Preliminary Injunction entered by this Court by Order dated December 2, 2005 is hereby converted into a Permanent Injunction.

13. Subject to the terms and conditions herein and in this Court's Permanent Injunction, this action is hereby dismissed with prejudice as to all claims and counterclaims and as to all Parties.

14. This Court retains jurisdiction of this matter pending the completion of the settlement arrangements set forth above, and orders that the parties report to the Court once all actions and events set forth herein have occurred or been completed.

**ETONIC WORLDWIDE, LLC**

By its attorneys,

  
\_\_\_\_\_  
Arthur D. Grossman (ADR 9237)  
Robert J. Rohrberger (RJR 1918)  
David A. Ward (DW 7669)  
FOX & FOX LLP  
70 South Orange Avenue  
Livingston, NJ 07039  
(973) 597-0777

Of Counsel:

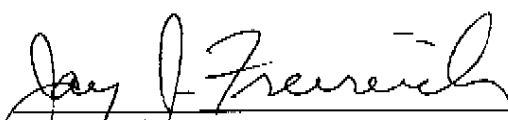
Sibley P. Reppert  
LAW OFFICES POE & FREIREICH, P.A.  
28 State Street  
Boston, MA 02109 - 1784  
Tel: (617) 227-7400

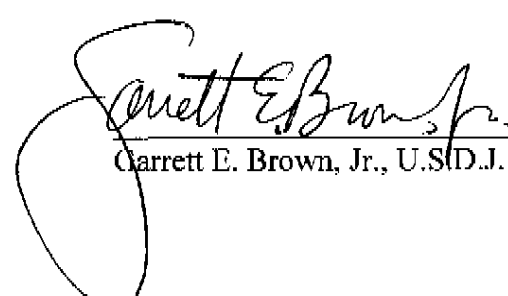
**SO ORDERED.**

*February 14*  
Dated: ~~January~~ \_\_\_\_\_, 2006

**KINETIC SPORTS, INC. and  
IN STRIDE SHOES L.L.C.**

By their attorneys,

  
\_\_\_\_\_  
Jay J. Freireich, (JF2511)  
LAW OFFICES POE & FREIREICH, P.A.  
256 Columbia Turnpike  
Columbia Commons, Suite 202  
Florham Park, NJ 07932  
(973) 966-2770

  
\_\_\_\_\_  
Garrett E. Brown, Jr., U.S.D.J.


**Exhibit A**

**MUTUAL RELEASE**

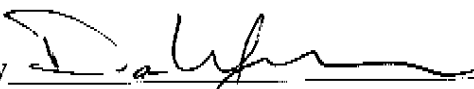
In consideration of their mutual releases set forth herein and their mutual representations and agreements set forth in the Stipulation and Order of Dismissal to which this Mutual Release is attached, (1) Etonic Worldwide, LLC ("Etonic"), and (2) Kinetic Sports, Inc. ("Kinetic"), and In Stride Shoes, L.L.C. ("In Stride") hereby release each other by their duly authorized representatives, this 31 day of January, 2006, as follows:

1. Etonic hereby releases Kinetic and In Stride, and their respective officers, directors, employees, attorneys, affiliates, successors, and assigns, of and from (1) any and all claims and liabilities, in law or in equity, that were made or that could have been made in the lawsuit entitled Etonic Worldwide LLC v. Kinetic Sports, Inc. and In Stride Shoes, L.L.C., U.S. District Court for the District of New Jersey, Civil Action No. CV-04004-GEB-JJH (the "Lawsuit"), subject to Etonic's rights to enforce the terms of the injunctive relief entered by the Court in the Lawsuit, and (2) any and all claims that were made or could have been made against either Kinetic or In Stride, in connection with any amounts paid to Etonic by Roblin Athletic, Etonic's Canadian distributor.
2. Kinetic hereby releases Etonic, and its officers, directors, employees, attorneys, affiliates, successors, and assigns, of and from (1) any and all claims, counterclaims and liabilities, in law or in equity, that were made or that could have been made in the lawsuit entitled Etonic Worldwide LLC v. Kinetic Sports, Inc. and In Stride Shoes, L.L.C., U.S. District Court for the District of New Jersey, Civil Action No. CV-04004-GEB-JJH, and (2) any and all claims that were made or could have been made against Etonic in connection with any amounts paid to Etonic by Roblin Athletic, Etonic's Canadian distributor.
3. In Stride hereby releases Etonic, and its officers, directors, employees, attorneys, affiliates, successors, and assigns, of and from any and all claims, counterclaims and liabilities, in law or in equity, that were made or that could have been made in the lawsuit entitled Etonic Worldwide LLC v. Kinetic Sports, Inc. and In Stride Shoes, L.L.C., U.S. District Court for the District of New Jersey, Civil Action No. CV-04004-GEB-JJH.

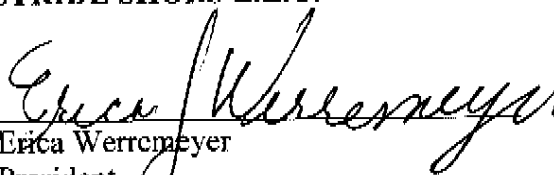
**ETONIC WORLDWIDE LLC**

By   
Thomas Seeman  
Chief Executive Officer

**KINETIC SPORTS, INC.**

By   
Daniel Werremeyer  
President

**IN STRIDE SHOES L.L.C.**

By   
Erica Werremeyer  
President